

# City of Glendale Council Special Budget Workshop & Executive Session Agenda

## April 23, 2012 – 8:30 a.m.

Regularly scheduled workshop meetings are telecast live at 1:30 p.m. on the first and third Tuesday of the month. Repeat broadcasts are telecast the first and third week of the month – Wednesday at 3:00 p.m., Thursday at 1:00 p.m., Friday at 8:30 a.m., Saturday at 2:00 p.m., Sunday at 9:00 a.m. and Monday at 2:00 p.m. on Glendale Channel 11.

### Welcome!

We are glad you have chosen to attend this City Council workshop. We hope you enjoy listening to this informative discussion. At these “study” sessions, the Council has the opportunity to review and discuss important issues, staff projects and future Council meeting agenda items. Staff is present to answer Council questions. Members of the audience may also be asked by the Council to provide input.

### Form of Government

Glendale follows a Council-Manager form of government. Legislative policy is set by the elected City Council and administered by the Council-appointed City Manager.

The City Council consists of a Mayor and six Councilmembers. The Mayor is elected every four years by voters city-wide. Councilmembers hold four-year terms with three seats decided every two years. Each of the six Councilmembers represent one of the six electoral districts and are elected by the voters of their respective districts (see map on back).

### Workshop Schedule

Council workshops are held on the first and third Tuesday of each month at 1:30 p.m. in the Council Chambers of the Glendale Municipal Office Complex, 5850 W. Glendale Avenue, Room B-3, lower level. The exact dates of workshops are scheduled by the City Council at formal Council meetings. The workshop agenda is posted at least 24 hours in advance.

Agendas may be obtained after 4:00 p.m. on the Friday before a Council meeting, at the City Clerk's Office in the Municipal Complex. The agenda and supporting documents are posted to the city's Internet web site, [www.glendaleaz.com](http://www.glendaleaz.com).

### Executive Session Schedule

Council may convene in “Executive Session” to receive legal advice and discuss land acquisitions, personnel issues, and appointments to boards and commissions. As provided by state statute, this session is closed to the public.

### Questions or Comments

If you have any questions or comments about workshop agenda items or your city government, please call the City Manager's Office at (623) 930-2870.

If you have a concern you would like to discuss with your District Councilmember, please call (623) 930-2249, Monday - Friday, 8:00 a.m. – 5:00 p.m.

### Public Rules of Conduct

The presiding officer shall keep control of the meeting and require the speakers and audience to refrain from abusive or profane remarks, disruptive outbursts, applause, protests, or other conduct which disrupts or interferes with the orderly conduct of the business of the meeting. Personal attacks on Councilmembers, city staff, or members of the public are not allowed. Engaging in such conduct, and failing to cease such conduct upon request of the presiding officer will be grounds for removal of any disruptive person from the meeting room, at the direction of the presiding officer.

### Citizen Participation

The City Council does not take official action during workshop sessions; therefore, audience comments on agenda items are made only at the request of the presiding officer.



**\*\* For special accommodations or interpreter assistance, please contact the City Manager's Office at (623) 930-2870 at least one business day prior to this meeting. TDD (623) 930-2197.**

**\*\* Para acomodacion especial o traductor de español, por favor llame a la oficina del administrador del ayuntamiento de Glendale, al (623) 930-2870 un día hábil antes de la fecha de la junta.**

### Councilmembers

Norma S. Alvarez - Ocotillo District  
H. Philip Lieberman - Cactus District  
Manuel D. Martinez - Cholla District  
Joyce V. Clark - Yucca District  
Yvonne J. Knaack – Barrel District



**MAYOR ELAINE M. SCRUGGS**

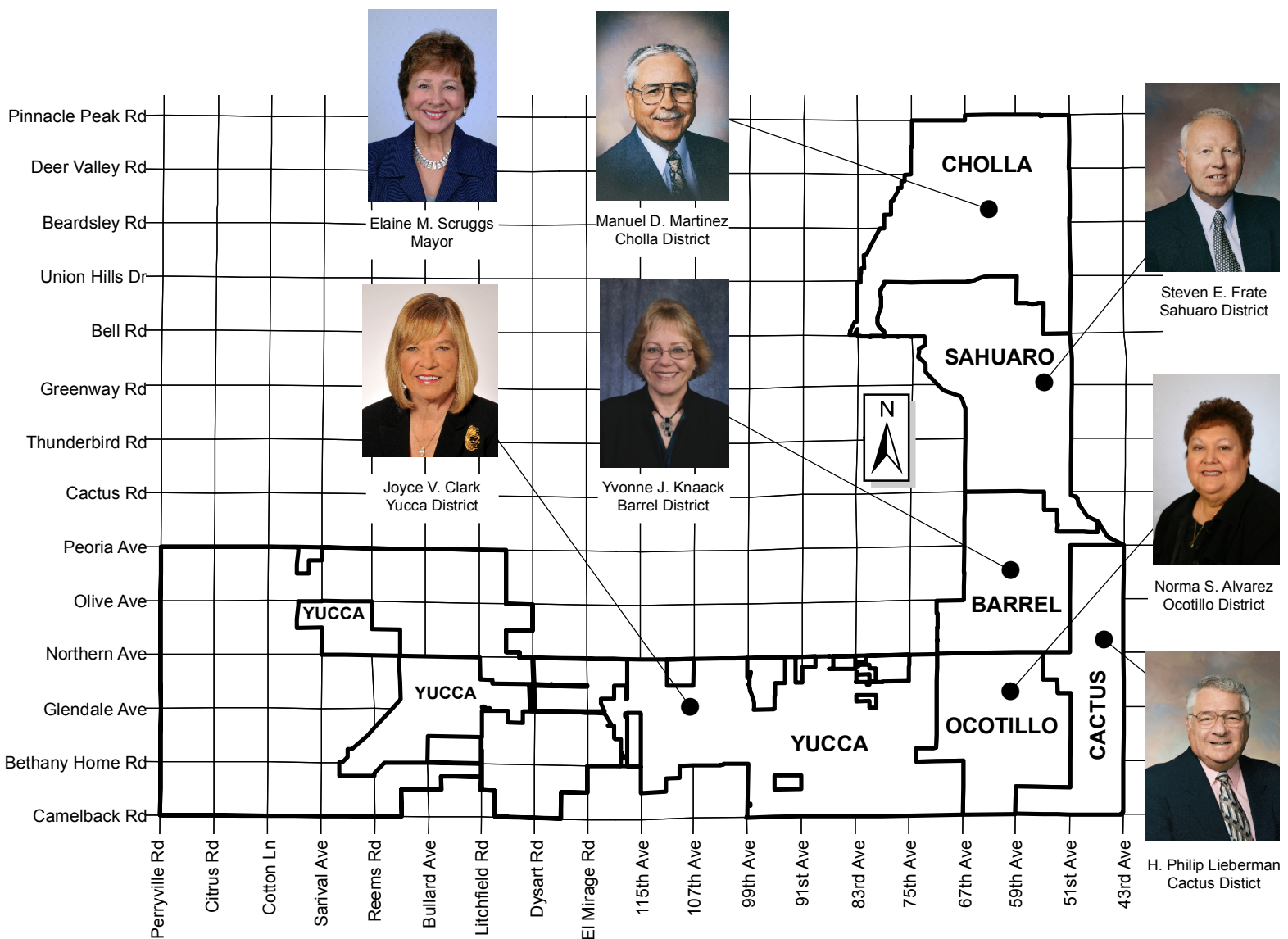
Vice Mayor Steven E. Frate - Sahuaro District

### Appointed City Staff

Ed Beasley – City Manager  
Craig Tindall – City Attorney  
Pamela Hanna – City Clerk  
Elizabeth Finn – City Judge



## Council District Boundaries





**GLENDALÉ CITY COUNCIL SPECIAL BUDGET WORKSHOP &  
EXECUTIVE SESSION AGENDA  
Council Chambers – Workshop Room  
5850 West Glendale Avenue  
April 23, 2012  
8:30 a.m.**

**WORKSHOP SESSION**

1. CITY MANAGER'S FY 2013 RECOMMENDED OPERATING BUDGET AND FY 2013-2022 RECOMMENDED CAPITAL IMPROVEMENT PROGRAM (CIP)

PRESENTED BY: Sherry M. Schurhammer, Executive Director, Financial Services  
Department

**CITY MANAGER'S REPORT**

**This report allows the City Manager to update the City Council about issues raised by the public during Business from the Floor at previous Council meetings or to provide Council with a response to inquiries raised at previous meetings by Council members. The City Council may only acknowledge the contents to this report and is prohibited by state law from discussing or acting on any of the items presented by the City Manager since they are not itemized on the Council Workshop Agenda.**

**EXECUTIVE SESSION**

1. LEGAL MATTERS

A. The City Council will meet with the City Attorney for legal advice, discussion and consultation regarding the city's position in pending and contemplated litigation, including settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. § 38-431.03 (A)(3)(4)).

2. LEGAL MATTERS – PROPERTY & CONTRACTS

A. Discussion and consultation with the City Attorney and City Manager to receive an update, consider its position and provide instruction and direction to the City Attorney

and City Manager regarding Glendale's position in connection with agreements associated with the area in, near, surrounding or related to the Stadium, Arena and the Hockey Team, which are the subject of negotiations. (A.R.S. § 38-431.03(A)(3)(4)(7))

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- (ii) discussion or consideration of records exempt by law from public inspection (A.R.S. §38-431.03 (A)(2));
- (iii) discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- (iv) discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (A)(4));
- (v) discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- (vi) discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

**Confidentiality Requirements Pursuant to A.R.S. §38-431.03 (C)(D):** Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.



CITY OF GLENDALE

# Council Communication

## Workshop Agenda

04/23/2012

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Sherry M. Schurhammer, Executive Director, Financial Services Department

SUBJECT: [CITY MANAGER'S FY 2013 RECOMMENDED OPERATING BUDGET AND FY 2013-2022 RECOMMENDED CAPITAL IMPROVEMENT PROGRAM \(CIP\)](#)

### *Purpose*

This is a request for City Council to provide direction regarding the overall FY 2013 recommended budget as explained in the FY 2013 City Manager's Recommended Operating Budget Memo. The City Manager continues to develop the FY 2013 budget and will provide initial budget revenue and expenditure estimates to Council for review, discussion, and subsequent publication on May 14, 2012.

This also is a request for City Council to review a FY 2013-2022 Capital Improvement Plan (CIP) as explained in the FY 2013-2022 City Manager's Recommended Capital Improvement Plan Memo.

### *Background*

City Council requested staff to return with revised General Fund (GF) balancing figures based on Council's direction regarding additional reductions and revenue enhancements that was provided at the April 17, 2012 budget workshop.

The City Manager's recommended operating and capital budget for FY 2013 continues to focus on Council's strategic goals within the constraints of the various funding sources that comprise the operating and capital budgets.

FY 2013 is the fourth consecutive year that the GF shows a gap between GF ongoing revenue and GF ongoing expenses including transfers. The annual shortfalls (before balancing measures

were implemented) that were presented as part of each FY's City Manager's recommended budget are indicated below:

- FY 2010 identified a \$14.4M shortfall
- FY 2011 identified a \$31.6M shortfall
- FY 2012 identified a \$27.1M shortfall
- FY 2013 identifies a \$35M.shortfall

The two principal balancing actions used during the recession and the long recovery period to address the GF operating deficits were streamlining service delivery and using GF fund balance to offset GF deficits based on a strategic, business-based approach that was phased in over time. This resulted in a mix of ongoing and one-time measures each FY to balance GF ongoing operating expenses, including transfers, against GF ongoing operating revenues.

The FY 2013 recommended operating and capital budgets provide a multi-year path to improved financial stability as the economy improves and the city grows out of the challenges caused by the recession. On the operating side, the recommended budget provides for:

- Gradual rebuilding of GF fund balance to address the declining GF fund balance that led to a downgrade in the city's bond rating in January 2012. The downgrade is a signal that we must begin rebuilding the city's GF fund balance.
- Continuation of debt service restructuring to establish a payment stream that is more in line with available resources
- Continued evaluation of departmental operations to increase effectiveness (adding value) and efficiency (maximizing resources)
- Continued stable funding for public safety
- End of employee furloughs and MOU deferrals
- Incorporation of retirement rate changes into the base budget

On the capital side, the recommended budget provides for a path to improved financial stability for the general obligation bond program. One widespread and long-lasting impact of the recent recession is the unprecedented decline in real estate values. While this is true across the country, Arizona is consistently categorized as one of the hardest hit states for real estate value declines, along with California, Nevada and Florida. In Glendale, the impact has been especially challenging. The downward trend is expected to continue through FY 2014 when Glendale's secondary assessed valuation is estimated to drop to \$1.05B, based on the preliminary notices from the Maricopa County Assessor's Office. **The \$1.05B low will represent a 52% decline from the peak of \$2.2B in FY 2009.** This unprecedented decline was unimaginable just a few years ago and certainly could not have been predicted based on a long history of changes in assessed valuation.

More information about the City Manager's recommended operating and capital budget for FY 2013 is provided in the separate City Manager budget memos (one for the operating budget and a separate one for the capital budget) included in the agenda packet for today's workshop.

The City Council budget workbook was prepared to facilitate Council's review of the operating budgets for city departments. A detailed explanation of the budget workbook that is labeled "Budget Workbook Material – Explanation" is included in the workbook.

Please note that the budget workbook materials include a draft FY 2013 budget for each department. Any revisions to departmental operating budgets agreed upon by Council during its review will be incorporated. After that review is completed, we will return with a revised FY 2013 budget and a proposed balancing plan for the GF.

## *Previous Council/Staff Actions*

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The 7<sup>th</sup> budget workshop occurred on April 17, 2012.

The 6<sup>th</sup> budget workshop occurred on April 3, 2012.

The 5<sup>th</sup> budget workshop occurred on March 20, 2012.

The 4<sup>th</sup> budget workshop occurred on March 6, 2012.

The 3<sup>rd</sup> budget workshop occurred on February 28, 2012.

The 2<sup>nd</sup> budget workshop occurred on February 21, 2012.

The 1<sup>st</sup> budget workshop occurred on February 14, 2012.

At the January 10, 2012 Council meeting, an ordinance was adopted authorizing the refunding/restructuring of outstanding water/sewer revenue obligations and Municipal Property Corporation (MPC) excise tax revenue bonds and authorizing the issuance of these bonds in an amount not to exceed \$99 million and \$70 million respectively.

At the January 3, 2012 Council workshop, staff presented the debt management plan and options related to refinancing outstanding MPC debt and refunding outstanding water/sewer debt.

## *Community Benefit*

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Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concise view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better

understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.

The budget provides Council, residents and businesses with a means to evaluate the city's financial stability.

## *Public Input*



The material to be reviewed for the budget workshops is contained in the budget workbook that was posted with today's meeting agenda.

## *Policy Guidance*



Staff requests guidance on the FY 2012-13 recommended operating budget and the FY 2013-2022 recommended CIP.